



Shawn Nydegger
Executive Director

IDAHO BOND BANK AUTHORITY BOARD MEMBERS

Ron G. Crane, Chairman
Ken Harward, Governor Appointee
Bart Davis, Idaho Senator
Len Crosby, Governor Appointee
Ken Roberts, Idaho Representative

REQUEST FOR PROPOSALS

IDAHO BOND BANK AUTHORITY

Revenue Bonds, Series 2012A

Date of Issue: November 21, 2011

I. INTRODUCTION

The Idaho Bond Bank Authority (“the Bond Bank”) seeks to retain the services of a qualified underwriter, or team of underwriters, to work with the Bond Bank to prepare and market its revenue Series 2012A revenue bonds in the approximate par amount of \$20.4 million. The underwriter(s) will work closely with the Bond Bank and its Financial Advisor, Western Financial Group, LLC and with the Bond Bank’s Bond Counsel, Skinner Fawcett LLP and Tax Counsel Orrick Herrington LLP.

II. TERM OF AGREEMENT

The term of the agreement shall be for this specific bond issue.

III. BACKGROUND

The Series 2012A Bonds are being issued to fund loans to as many as seven underlying local governments for up to nine separate loans. The underlying communities will use the proceeds of the Bond Bank loan to refund prior obligations of the communities. The Bonds are expected to mature in the years 2012 through 2034.

IV. SCOPE OF WORK

The scope of services requested by this RFP includes:

1. Become a member of the Bond Bank’s financing team for this bond issue;
2. Provide input regarding the structure and terms of the bond issue;
3. Provide input regarding the Bond Bank’s disclosure documents;
4. Develop a marketing plan for the bonds to assure that the issue is priced at prevailing market rates to the advantage of the Bond Bank and the underlying borrowers;
5. Provide a thorough distribution of the issue and be willing to underwriter unsold balances if required;
6. Execute a definitive bond purchase contract.
7. Provide a post-sale summary that describes the distribution of the bonds and compares the yields achieved on the Bond Bank’s issue with comparable issues in the market.

V. PROPOSAL SUBMISSION CRITERIA

All proposals submitted for evaluation must include, but are not limited to, the following information. This information should be submitted in **10** pages or less. This RFP has been designed to solicit specific responses to the questions below. Brief responses are requested and lengthy or extensive presentations are discouraged. No joint proposals will be accepted.

Proposals will be evaluated and ranked by a selection committee. A recommendation will then be presented to the Chairman of the Bond Bank Board for consideration and approval. The Bond Bank reserves the right to hire a team of underwriters for this assignment.

5% Assigned Professionals

- a. Please provide the name, title, address, telephone, e-mail and fax number of the banker who will serve as your firm's lead contact for the Bond Bank. Include a brief résumé for this individual.
- b. Please provide the name, title, address, telephone, e-mail and fax number of the individual who will serve as your firm's lead underwriter for the Bond Bank. Include a brief résumé for this individual.

35% Experience and Underwriting Capability

- a. Provide, in an appendix, a list of bond issues sold for Idaho state and local government credits for which your firm has acted as an underwriter since January 1, 2008. Include both the ratings and the par amount of each issue and provide totals for the columns detailing the number of transactions and the par amounts.
- b. Provide, in an appendix, a list of pooled loan program bond issues for which your firm has acted as an underwriter since January 1, 2008. Include both the ratings and the par amount of each issue and provide totals for the columns detailing the number of transactions and the par amounts.
- c. Provide, in an appendix, a list of Idaho bond issues for which your firm submitted a bid, alone or as the syndicate leader, at a competitive, sealed-bid sale since January 1, 2008. How many of those bids did you win? Include both the ratings and the par amount of each issue and provide totals for the columns detailing the number of transactions and the par amounts.
- d. Please provide a statement of the net underwriting capital available to your firm as of December 31, 2010. (Do not include capital of any firm without full common ownership with your own.)
- e. Provide three examples from the last six months of your firm's willingness to put your capital at risk by underwriting unsold balances.
- f. How many retail sales people do you employ directly?
- g. How many institutional sales people do you employ directly?

35% Marketing and Bond Structure

- a. The Bond Bank would like to sell its bonds on or about January 19, 2012. Please discuss any concerns or suggestions you may have regarding the timing of the

sale.

- b. Provide any structuring ideas you may have to optimize the Bond Bank's debt issue. Specifically, do you see any advantage to disaggregating the underlying borrower loans into more than one series with the series targeted to particular investors, or do the efficiencies of a single series outweigh the potential benefits of a disaggregated approach?
- c. Comment on the importance of retail participation in this issue and the advisability of a retail order period and use of a selling group.
- d. In selling the bonds, which segments of the market will you target and why?
- e. Please provide your estimate of yields and coupons for this issue under a traditional tax-exempt structure as of Wednesday, November 30, 2011. Include the spread to the November 30, 2011 closing MMD scale on a maturity-by-maturity basis.

20% Pricing and Fees

- a. Provide your proposed underwriter's fees and expenses separately per \$1,000 for an estimated \$20.4 million bond issue. Provide a detailed breakdown of fees and expenses. Do not include expenses that the underwriter is not traditionally responsible to pay. Provide a proposed takedown by maturity.
- b. Please indicate whether or not your firm will require the use of underwriter's or disclosure counsel and, if so, what firm you would propose using and that firm's proposed underwriter counsel's fee. Please note that Skinner Fawcett has traditionally given the disclosure opinion.
- c. Please indicate whether a slightly smaller par amount (\$15 million) would impact your pricing and provide a description of those pricing impacts, if any.

5% Other

Provide any additional information that you think should be considered by the Bond Bank in the selection of an underwriter(s) for this issue.

VI. SUBMISSION OF PROPOSALS

An electronic copy of your proposal will be accepted until **1:00 PM MST on Friday December 2, 2011.**

Proposals should be directed to Shawn Nydegger, Executive Director of the Bond Bank, at shawn.nydegger@sto.idaho.gov. An electronic copy should also be delivered to Chip Pierce, financial advisor to the Bond Bank, at pierce@westernfinancialgroup.com.

This RFP has been designed to solicit specific responses to the questions asked. Brief responses are requested and lengthy or extensive presentations are discouraged.

All costs associated with the preparation of the proposal, as well as any other related materials, will be borne by the firm submitting the proposal. All proposals become the property of the Bond Bank. The Bond Bank reserves the right to stop the selection process at any time if it is considered to be in the best interest of the Bond Bank. The Bond Bank also reserves the right to reject any or all proposals submitted.

VII. QUESTION SUBMISSION

Interested Proposers are invited to submit their questions in writing to Shawn Nydegger at the email listed previously.

VIII. WRITTEN AGREEMENT REQUIRED

The selected firm must be willing to enter into a written Bond Purchase Agreement with the Bond Bank. Such Agreement between the Bond Bank and Offeror will be dependent upon the successful sale of the bonds and negotiation of bond pricing.

IX. CONTRACT AND PROPOSAL INFORMATION

Submitting a proposal acknowledges your firm has read, understands, and agrees to be bound by and fulfill the requirements and terms and conditions of this solicitation.

- A. Firm Pricing: All underwriting fees on a price per \$1,000 and expenses as detailed in the proposal are to remain firm through the bond closing. Any proposal that does not offer to remain firm for the required period may be considered to be non-responsive.
- B. Conflict of Interest: Any officer, employee, agent, representative or member of the council, board, committee, or commission of the Bond Bank must disclose any interest or conflict they have in their proposal.
- C. Cover Letter: The proposal shall have a cover letter indicating the firm's willingness to enter into an agreement with the Bond Bank. An officer of the company who has the authority to commit the firm to the proposed engagement must sign this letter. Proposals will include the full name, legal status (corporation, state of incorporation, partnership, proprietorship, etc.), business address of the Offeror, and telephone number. The proposal must be signed by a principal of the business who is authorized to execute any subsequent contract.
- D. Costs: All costs associated with the preparation of the proposal, as well as any other related materials and delivery will be borne by the Offeror. All proposals become the property of the Bond Bank. The Bond Bank will not be responsible for said costs in any event, including but not limited to, termination of the project in whole or in part, rejection of a proposal as non-responsive, or rejection of the

Offeror as unqualified.

- E. Changes or Modifications: Any changes or modifications to the Request for Proposals will be accomplished in writing by addendum. Offerors submitting a proposal based on any information other than that contained in the Bond Bank's RFP, or any addendum thereto, do so at their own risk.
- F. Modifying or Withdrawing Proposals: Offerors may modify or withdraw their proposals at any time prior to the closing time. The Bond Bank requests that any desire to retrieve a proposal for the purpose of withdrawing or to modify a proposal must be submitted in a written request to the Bond Bank. Offerors may withdraw their offer if the Bond Bank and Offeror cannot agree on contract terms.
- G. Rejection of Proposals: The Bond Bank reserves the right to reject any or all proposals. The Bond Bank may waive any minor irregularity or technical error in the form of a proposal or in compliance with the instructions to Offerors. The Bond Bank may alter the selection process at any time it is considered to be in the best interests of the Bond Bank. Any proposal containing significant deviations from the specifications of the RFP will be rejected as non-responsive. Offerors claiming minor irregularities or technical errors must assume the burden of identifying them and justifying them to the Bond Bank in order for the proposal to receive consideration.
- H. Free and Competitive Selection: Any Agreement or collusion among prospective Offerors to fix a price or limit competition shall render the proposal void, and such conduct shall be unlawful and subject to criminal sanction. By submitting a proposal, Offerors certify that neither Offeror nor anyone in its firm or company has either directly or indirectly restrained free and competitive selection, participated in any collusion, or otherwise taken any action unauthorized by the Bond Bank or applicable law.